

Pennsylvania Department of State

Annual Report to the General Assembly on Business Fee Exemptions For Veteran- and Reservist-Owned Small Businesses

April 4, 2022

The Department of State (Department) submits this report to the General Assembly pursuant to 51 Pa.C.S. § 9611(e), which requires the Department to annually report to the chair and minority chair of the Veterans Affairs and Emergency Preparedness Committee of the Pennsylvania Senate and the chair and minority chair of the Veterans Affairs and Emergency Preparedness Committee of the Pennsylvania House of Representatives the total number of business fee exemptions applied for and issued to veteran- and reservist-owned small businesses and the total dollar amount of the exemptions issued.

By way of background, Act 135 of 2016 exempts veterans and reservists starting a small business in the Commonwealth from the payment of a business fee. The law became effective on January 3, 2017.

A **business fee** is any fee required to be paid to the Commonwealth or a political subdivision for starting or opening a business within Pennsylvania.¹ The term does not include a fee for maintaining licensure or other requirement for continuing to operate a business.² A **small business** must be independently owned, not dominant in its field of operation and employ 100 or fewer employees.³ A **veteran- or reservist-owned small business** must be owned and controlled by a veteran/veterans or reservist/reservists.⁴

A **veteran** is an individual who served in the United States Armed Forces, including a reserve component or the National Guard, and who was discharged or released from service under conditions other than dishonorable.⁵ A **reservist** is a member of a United States Armed Forces reserve component or the National Guard.⁶

The filing fees for the following documents are waived by the Department's Bureau of Corporations and Charitable Organizations ("Bureau") when the documents are signed by the veteran or reservist and submitted with proof of the veteran's or reservist's status:

- Articles of Incorporation (for profit) - \$125
- Articles of incorporation (nonprofit) - \$125
- Certificate of Organization - \$125
- Certificate of Limited Partnership - \$125
- Registration – Domestic Registered Limited Liability Partnership - \$125
- Foreign Registration Statement - \$250
- Registration of Fictitious Name - \$70

¹ 51 Pa.C.S. § 9610.

² *Id.*

³ 62 Pa.C.S. § 2102.

⁴ 51 Pa.C.S. § 9610.

⁵ 51 Pa.C.S. § 9601.

⁶ 51 Pa.C.S. § 9610.

The above-listed business formation documents may be submitted directly by the veteran or reservist or submitted through a law firm or service company. All formation/registration documents must be signed by the veteran or reservist seeking the fee exemption and must be accompanied by **proof** of the veteran's or reservist's status.

A veteran or reservist must provide the Bureau with proof of the veteran's or reservist's status at the time the business application is submitted. Such proof includes a legible photocopy of:

- A federal DD-214 form
- A federal NGB-22 form
- A valid federal Veterans' Administration card or
- A valid Department of Defense-issued military identification card⁷

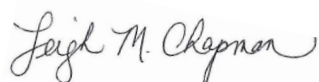
Formation filings and proof of veteran/reservist status may be submitted to the Bureau online through PENN File, by mail or via personal delivery.

The following table displays the total number of business fee exemptions applied for and issued to veteran- or reservist-owned small businesses in the prior calendar year and the total dollar amount of these exemptions.

2021	Number of Applications Submitted	Number of Applications Accepted	Fees Waived
January	397	283	\$32,470.00
February	506	367	\$43,220.00
March	553	403	\$46,745.00
April	463	350	\$40,175.00
May	362	259	\$29,465.00
June	391	281	\$32,155.00
July	364	273	\$31,300.00
August	369	291	\$34,240.00
September	380	278	\$33,045.00
October	409	288	\$34,075.00
November	318	222	\$26,120.00
December	366	245	\$28,750.00
Totals	4878	3540	\$411,760.00

The Department averages 295 accepted applications per month, with a 24 percent rejection rate. The rejections are primarily due to missing docketing statements and failure to provide proof of veteran or reservist status.

Respectfully submitted,



Leigh M. Chapman
 Acting Secretary of the Commonwealth
 Pennsylvania Department of State

⁷ 51 Pa.C.S. § 9611(b).